

Message Text

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15

ORIGIN TRSE-00

INFO OCT-01 EA-07 ISO-00 EB-07 L-03 SP-02 CIAE-00 INR-07

NSAE-00 OMB-01 /028 R

DRAFTED BY TRSY:OS:ITC:DSFOSTER

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R 122234Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O.11652: GDS

TAGS: EFIN

SUBJECT: U.S.-R.P. TAX TREATY

REF: A. MANILA 17819 B. STATE 297101

1. EMBASSY MAY CONVEY TO VIRATA AND PIO DE RODA SUBSTANCE OF PARAGRAPH 2 REFTEL B, I.E., THAT U.S. PREPARED TO CONSIDER DELETION OF SHIPPING ARTICLE IF OTHER TREATY ISSUES ARE RESOLVED FAVORABLY TO THE U.S. OTHER ISSUES INCLUDE WITHHOLDING TAX RATES AND TAXATION OF RENTALS FROM TANGIBLE PERSONAL PROPERTY. U.S. IS ALSO CONSIDERING PHILIPPINE DRAFT ON SHIPPING. IT SHOULD BE NOTED THAT DURING NEGOTIATIONS IN MANILA THE U.S. INFORMED RP PANEL THAT IT WOULD CONSIDER THESE APPROACHES TO THE SHIPPING ISSUE.

2. WITH RESPECT TO NONDISCRIMINATION ARTICLE, U.S. POSITION IS THAT TREATY SHOULD GUARANTEE NATIONAL TREATMENT, GOP POSITION IS THAT PHILIPPINES WOULD BE PERMITTED TO PROVIDE LIMITED OFFICIAL USE

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ANY INCENTIVES TO THEIR NATIONALS FOR INVESTING IN PREFERRED

AREAS. AT US. SUGGESTION, PHILIPPINES DRAFTED LANGUAGE OF SEPTEMBER DRAFT, PROVIDING A GENERAL RULE OF NONDISCRIMINATION WITH A LIST OF SPECIFIC EXCEPTIONS CONSISTING OF THE MINIMUM LIST PHILIPPINES COULD ACCEPT. BOTH SIDES ARE REFLECTING ON THEIR POSITIONS AND ON THE LANGUAGE OF THE SEPTEMBER DRAFT AS A POSSIBLE COMPROMISE. WE ARE NOT PREPARED AT THIS TIME TO AGREE TO THAT LANGUAGE OR TO REJECT IT, APART FROM AGREEMENT ON ENTIRE DRAFT.

3. IN GENERAL, OUR APPROACH TO THE NEGOTIATION OF TAX TREATIES HAS BEEN TO REGARD ALL TREATY PROVISIONS AS RELATED AND NEGOTIABLE. WE HAVE FOUND IT UNDESIRABLE TO DEAL SEPARATELY WITH PARTICULAR ARTICLES. THUS, WE BELIEVE THAT SHIPPING AND NONDISCRIMINATION ISSUES SHOULD REMAIN OPEN FOR FURTHER DISCUSSION IN THE NEXT ROUND OF NEGOTIATIONS AND UNTIL A TOTAL TREATY PACKAGE HAS BEEN AGREED ON. KISSINGER

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Message Attributes

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Draft Date: 12 JAN 1976
Decaption Date: 01 JAN 1960
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Disposition Authority: morefirh
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Margaret P. Grafeld
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